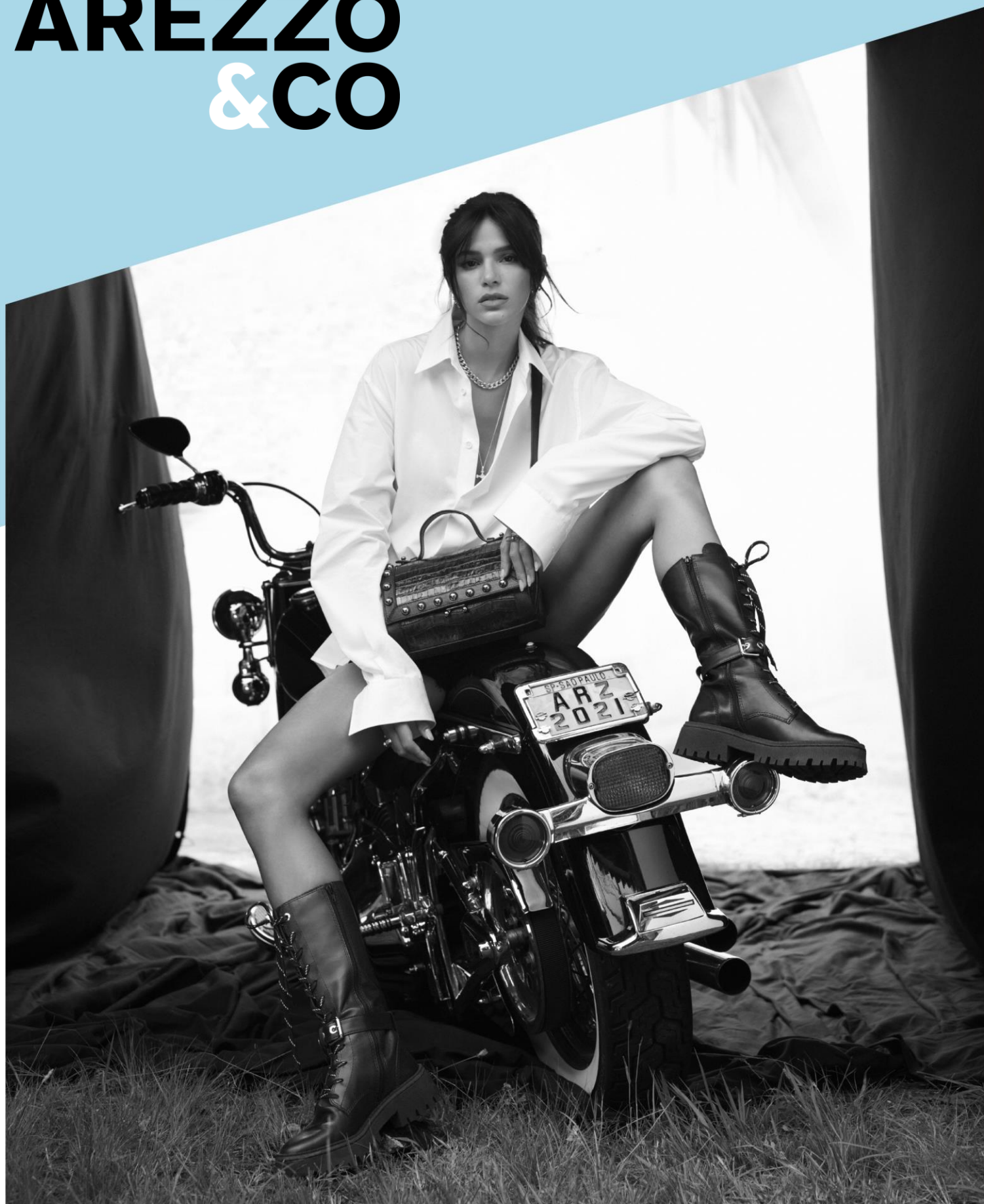


EARNINGS RELEASE

4Q20

AREZZO &CO



AREZZO

SCHUTZ

ANACAPRI

ALEXANDRE
BIRMAN

FIEVER

ALME

VANS
"OFF THE WALL"

TROC

ZZ'MALL

AR&CO

Reserva\

Reserva\
mini

eva

Oficina®
RESERVA

Reserva\Go

INK
Reserva

4Q20 EARNINGS RELEASE

São Paulo, March 4, 2021. Arezzo&Co (BM&FBOVESPA: ARZZ3), a leading company in the Brazilian industry of women's footwear, handbags and accessories, announces its results for the 4th quarter of 2020.

- **Gross Revenue** surged 39.8% to R\$802.3 million in 4Q20 vs. 4Q19;
- **Adjusted EBITDA** rose 61.1% to R\$122.2 million vs. 4Q19, with margin increasing 280 bps;
- **Adjusted Net Income** of R\$83.2 million, a 77.8% growth;
- Reserva Group recorded **Gross Revenue** of R\$90.3 million in December, and R\$ 168.1 million in 4Q20;
- **Net opening of 44 stores** in 4Q20, amid a challenging global scenario. Including Reserva Group, Arezzo&Co ends 2020 with 901 stores;
- **Solid digitalization of the company** – 20.5% of revenue in 4Q20 stemmed from online channel via Salesperson APP;
- **Web commerce** grows 139.0% (R\$162.4 million) or 22.4% of gross revenue;
- Substantial growth of multibrand channel of 94.5% in 4Q20;
- **Positive EBITDA** of R\$6.7 million in the North-American market, with 19.1% Gross Revenue growth;

EARNINGS VIDEOCONFERENCE

Friday, March 5, 2021
11:00 a.m. (Brasília) /9:00 a.m. (New York)

Videoconference in Portuguese with
Simultaneous Translation into English
[Click here](#)

PRICE AND MARKET CAP

03/04/2021
Stock Price: R\$ 73.00
Market Cap: R\$ 7.3 billion

INVESTOR RELATIONS

Aline Penna – IR, Strategy and M&A Executive Director
Victoria Machado – IR Manager
Maria Lucia Remigio – IR Specialist

E-mail: ri@arezzo.com.br
Phone: +55 11 2132-4357 / 2132-4303

PRESS OFFICE | INDEX

Taciana Veloso and Erika Sena
taciana@indexconectada.com.br
erika@indexconectada.com.br

Key Digital Initiatives

E-commerce

- Growth of 139% in 4Q20, reaching R\$162.4 million in sales;
- Growth of 145.3% in 2020, reaching R\$526.4 million in sales;
- 467,000 downloads of brands apps in 4Q20;
- 31.7% of web commerce revenue stemmed from apps (mobile).

Online customer relationship through the “Salesperson APP”

- 3.2 million contacts in 4Q20;
- 20.5% of physical stores’ sell out “digitally” originated.

OMNI: channels’ integration sales evolution

- Greater engagement of commercial team and franchisees;
- Penetration of online tools in physical stores;
 - Remote Sale by Link: 96%; | Endless aisle: 95%; | Click N’ Collect: 76%; | Store Shipping: 68%;
- São Paulo: click n’ collect and store shipping accounted for 28% of revenue.

Sell in e-showroom

- Franchisees and multibrands in a unique tool with greater efficiency;
- Capacity for +3,000 simultaneous users.

CRM

- 10 million customers in the base, +3 million of them active at Arezzo&Co and 1 million at Reserva Group;
- 1 million customers who shopped via online channels in 2020, 3x higher than in 2019;
- 250,000 new customers acquired and 180,000 reactivated customers;
- High level of customer satisfaction, with NPS reaching 82 points.





**Message from
Management**

Message from Management

Although 2020 was an unusual year for Arezzo&Co, we quickly adapted to the changes imposed by the pandemic: one of the most unparalleled challenges of our time. By incorporating Reserva Group, Arezzo&Co went from a footwear and handbag company **to become a real “house of brands.”** Aside from the Covid-19 pandemic, we launched a new marketplace (ZZ MALL) and added a second-hand online platform to our portfolio (TROC). This further reinforced our eco-friendly positioning by investing in a more sustainable circular fashion. After so many challenges, **Arezzo&Co ended 2020 with a level of revenue similar to 2019, even though all physical stores remained closed for nearly 4 months.** In 4Q20, Arezzo&Co posted an outstanding revenue growth of 39.8%, hitting a record of R\$802 million. Even considering the incorporation of Reserva Group, the Company ended 2020 with a comfortable cash position.

During the early pandemic, **Arezzo&Co got a head start**, we quickly **ramped up our digital operations** by enhancing online sales with intensive training for both franchisees and sellers, while focusing on the web commerce channel. Also, an **intensive care for suppliers, franchisees, and multibrand continued** by adopting care measures. We offered total support, cancelation of orders, granted additional payment terms.

Aside from the sales front and support for stakeholders, **the R&D teams reinvented themselves** with a wider offering of loungewear options. In just a few weeks, plant production resumed and the **sell in process to franchisees and multibrands now takes place every two weeks**, while novelties are launched more frequently, thanks to the **total control of sourcing chain, which allowed to increment the number of collections** to nearly 20/year. The efficacy of these measures could be seen in **market share gains**, from estimated 24.8% in 2019 to nearly 30.0% by the end of 2020.

We consolidated the web commerce in 2020 with R\$526 million in sales, 145% higher than in 2019. Our growth was boosted by an **increased use of brands apps**, which totaled 467,000 downloads and 31.7% of revenue generated by the channel. However, a trend of retail digitalization can also be measured by a strong higher level of **sales originated online by the salesperson, which already account for 20% of sellout in physical stores.**

Also, the **omnichannel sales generated by web saw a significant growth**: in the São Paulo market, the click n' collect and store shopping accounted for 28% of revenue in 4Q20, driven by a rapid technological evolution to expand inventory, thus, enhancing product availability and customer satisfaction, the core element of our strategy.

Message from Management

Despite a year of pandemic, we recorded **over 3 million active customers** (out of a total base of 10 million) and one-third of customers shopped via online channels, 3x higher than in 2019. Online sales growth was accompanied by **high levels of customer satisfaction**, with NPS reaching 82 points.

We reached a new level in CRM operation, increasing by five times the monthly volume of customized activations, with a direct impact on revenue from physical and online channels. We also quickly created an online relationship solution in our salesperson app, allowing 3.2 million contact with customers in 4Q20.

In 2020, Arezzo&Co **launched a new marketplace (ZZ MALL)**, it added TROC to its ecosystem, a **second-hand online platform**, reinforcing its positioning of an environmentally sustainable company by investing in circular economy, also **created the ZZ Ventures**, liable for acquiring new startups, with a focus on technology assets and insurgent brands.

As far as Arezzo&Co's international operations are concerned, necessary adjustments were made during the most critical period of the pandemic, including reducing footprint of physical stores, adjusting corporate structure, reviewing the Schutz brand pricing positioning and a total focus on e-commerce, with positive results and **profitability at the level of EBITDA already verified in the second half of 2020**.

Arezzo&Co officially incorporated Reserva Group in December, which delivered outstanding results at the end of 2020, hitting an all-time high during Christmas. This integration process happens **in a positive and effective way**, which bolsters our confidence in the execution of our strategic planning over the coming years, with significant value extraction.

With regards to ESG, we aspire **to become a benchmark sustainable company and lead the fashion industry towards its transformation**. Concerning production, Arezzo&Co and Reserva Group work with **96% nationwide manufacturing**, thus, contributing to generate **jobs in Brazil** and collect taxes.

Concerning **waste and emissions**, our goal is to reduce emissions by 10% in 2021, and the Company already works with 12% of environmentally sustainable raw materials. In certifications pillar, we highlight (i) the 100% adhesion of suppliers to ABVTEX in 2021 and 2022; (ii) the certification of 100% leather suppliers with CSCB or LWG in 2021 and (iii) preparation for B Corp System certification in 2022. Lastly, in the **diversity front**, Arezzo&Co has a solid calendar of continued education, awareness and training initiatives.

Message from Management

Aside from the issues mentioned above, Arezzo&Co envisages innumerable paths for **continuous growth**. The year 2020 resulted in a deep disruption that took Arezzo&Co to another level of results. We began 2021 with high confidence that we will accomplish in our efforts. It is possible to affirm that the **figures recorded during the first two months of 2021 were very promising**.

As our priorities for 2021, we list the organic growth of core brands and market share gain; consolidation of Reserva Group; the advancement of digitalization towards a planned ecosystem of brands, products, and services; acquisition of new brands; and continued expansion in the North American market.

On February 2nd, 2021, Arezzo&Co celebrated a decade as a publicly-held company at B3. During these last 10 years, we delivered solid and consistent results, with higher revenue and profitability levels in almost all the quarters. The Company would like to thank all the investors, analysts, and stakeholders for their confidence and dedication throughout this journey. For us, it is only the beginning of a new Arezzo&Co.

2154 is now!

The Management



**Key
Indicators**

Gross Revenue and Operational Indicators

It is worth noting that results below only consider the month of December of Reserva Group¹.

Gross Revenue	4Q20	Part%	4Q19	Part%	Δ (%) 20 x 19	2020	Part%	2019	Part%	Δ (%) 20 x 19
Total Gross Revenue	802.283		573.729		39,8%	2.021.609		2.063.928		(2,1%)
Foreign Market	76.785	9,6%	66.258	11,5%	15,9%	224.767	11,1%	258.982	12,5%	(13,2%)
Exports	7.902	10,3%	8.420	12,7%	(6,2%)	23.714	10,6%	54.509	21,0%	(56,5%)
US Operation	68.883	89,7%	57.838	87,3%	19,1%	201.053	89,4%	204.474	79,0%	(1,7%)
Domestic Market	725.498	90,4%	507.471	88,5%	43,0%	1.796.841	88,9%	1.804.946	87,5%	(0,4%)
By Brand										
Arezzo	295.969	40,8%	282.268	55,6%	4,9%	760.648	42,3%	983.757	54,5%	(22,7%)
Schutz²	152.388	21,0%	121.950	24,0%	25,0%	427.641	23,8%	474.295	26,3%	(9,8%)
Reserva Group³	90.333	12,5%	-	-	na	90.333	5,0%	-	-	na
Anacapri	83.801	11,6%	76.186	15,0%	10,0%	217.745	12,1%	259.116	14,4%	(16,0%)
Vans	78.410	10,8%	-	-	na	231.908	12,9%	-	-	na
Others⁴	24.597	3,4%	27.067	5,3%	(9,1%)	68.566	3,8%	87.778	4,9%	(21,9%)
By Channel										
Franchises	251.038	34,6%	270.267	53,3%	(7,1%)	562.266	31,3%	899.399	49,8%	(37,5%)
Multibrand	179.246	24,7%	92.158	18,2%	94,5%	471.554	26,2%	423.008	23,4%	11,5%
Owned Stores	132.715	18,3%	76.982	15,2%	72,4%	235.946	13,1%	266.310	14,8%	(11,4%)
Web Commerce	162.400	22,4%	67.948	13,4%	139,0%	526.382	29,3%	214.580	11,9%	145,3%
Others⁵	99	0,0%	116	0,0%	(14,7%)	693	0,0%	1.649	0,1%	(58,0%)
By Channel (ex-Reserva)	635.165		507.471		25,2%	1.706.508		1.804.946		(5,5%)
Franchises	246.291	38,8%	270.267	53,3%	(8,9%)	557.519	32,7%	899.399	49,8%	(38,0%)
Multibrand	174.101	27,4%	92.158	18,2%	88,9%	466.409	27,3%	423.008	23,4%	10,3%
Owned Stores	69.207	10,9%	76.982	15,2%	(10,1%)	172.438	10,1%	266.310	14,8%	(35,2%)
Web Commerce	145.458	22,9%	67.948	13,4%	114,1%	509.440	29,9%	214.580	11,9%	137,4%
Others⁵	108	0,0%	116	0,0%	(6,9%)	702	0,0%	1.649	0,1%	(57,4%)

(1) Incorporation of Reserva figures after CADE's formal approval and closing of the transaction

(2) Excludes revenue from international operation.

(3) Reserva Group comprises the brands Reserva, Reserva Mini, Oficina Reserva, Reserva Go, EVA and INK.

(4) Includes the brands A. Birman, Fievel and Alme only in the domestic market, and other non-specific revenue from the brands.

(5) Includes revenue in the domestic market not specific to the distribution channels.

Indicadores Operacionais ¹	4Q20	4Q19	Δ (%) 20 x 19	2020	2019	Δ (%) 20 x 19
# of pairs sold ('000)	5.497	4.352	26,3%	13.032	14.533	-10,3%
# of handbags sold ('000)	535	509	5,1%	1.374	1.771	-22,4%
# of clothes sold ('000)	633	-	-	935	-	-
# of employees	2.260	2.465	-8,3%	2.260	2.465	-8,3%
# of stores*	901	752	149	901	752	149
Owned Stores	139	53	86	139	53	86
Franchises	762	699	63	762	699	63
Outsourcing (as % of total production)	92,1%	91,0%	1,1 p.p	90,6%	90,7%	-0,1 p.p
SSS² Sell in (franchises)	-3,4%	2,8%	-6,2 p.p	-25,2%	1,7%	-26,9 p.p
SSS² Sell out (owned stores + franchises + web)	-10,6%	5,7%	-16,3 p.p	-23,8%	3,9%	-27,7 p.p

(1) Operational indicators exclude the incorporation of Reserva Group, except for the lines referring to the number of clothing items sold and the number of owned stores and franchises.

(2) It considers clothing items sold by Vans (full year) and Reserva Group (only in December)

(3) SSS (same-store sales): stores are included in sales of comparable stores as from the 13th month of operation.

* It includes stores abroad

Key Financial Indicators

It is worth noting that results below only consider the month of December of Reserva Group¹.

Key financial indicators	4Q20 Adjusted	4Q19 Adjusted	Δ (%) 20 x 19	2020 Adjusted	2019 Adjusted	Δ (%) 20 x 19
Gross Revenues	802.283	573.729	39,8%	2.026.280	2.063.928	(1,8%)
Net Revenues	644.615	467.652	37,8%	1.612.539	1.679.235	(4,0%)
COGS	(328.421)	(249.435)	31,7%	(846.175)	(903.541)	(6,3%)
Depreciation and amortization (cost)	(821)	(664)	23,6%	(3.249)	(2.768)	17,4%
Gross Profit	316.194	218.217	44,9%	766.364	775.694	(1,2%)
<i>Gross margin</i>	49,1%	46,7%	2,4 p.p	47,5%	46,2%	1,3 p.p
SG&A	(212.057)	(160.138)	32,4%	(615.568)	(584.697)	5,3%
<i>% of net revenues</i>	(32,9%)	(34,2%)	1,3 p.p	(38,2%)	(34,8%)	(3,4 p.p)
Selling expenses	(145.598)	(108.582)	34,1%	(404.532)	(368.017)	9,9%
Owned stores and web commerce	(61.317)	(33.064)	85,4%	(153.494)	(119.124)	28,9%
Selling, logistics and supply	(84.281)	(75.518)	11,6%	(251.038)	(248.893)	0,9%
General and administrative expenses	(49.037)	(35.462)	38,3%	(134.879)	(144.963)	(7,0%)
Other operating revenues (expenses)	(131)	1.034	(112,6%)	(3.274)	3.358	(197,5%)
Depreciation and amortization (expenses)	(17.291)	(17.128)	1,0%	(72.882)	(75.075)	(2,9%)
EBITDA	122.249	75.871	61,1%	226.927	268.840	(15,6%)
<i>EBITDA Margin</i>	19,0%	16,2%	2,8 p.p	14,1%	16,0%	(1,9 p.p)
Net Income	83.208	46.803	77,8%	87.317	140.950	(38,1%)
<i>Net Margin</i>	12,9%	10,0%	2,9 p.p	5,4%	8,4%	(3,0 p.p)

(1) Incorporation of Reserva figures after CADE's formal approval and closing of the transaction, in early December.

Non-Recurring Items

	4Q20	4Q19	2020	2019
Consolidated Reported EBITDA	112.915	93.829	168.240	300.945
Non-Recurring Items				
Net Extemporaneous Tax Credits¹	2.906	20.705	51.985	39.960
Legal Expenses	(195)	(2.747)	(4.488)	(7.855)
Non-Recurring Items (COVID-19)	-	-	(94.139)	-
M&A Expenses (Reserva and TROC)²	(12.045)	-	(12.045)	-
Net Effect of Non-Recurring Items	(9.334)	17.958	(58.687)	32.105
Adjusted Consolidated EBITDA	122.249	75.871	226.927	268.840
Adjusted Gross Revenue	802.283	573.729	2.026.280	2.063.928
Adjusted Net Revenue	644.615	467.652	1.612.539	1.679.235
Adjusted Gross Profit	316.194	218.217	766.364	775.694

(1) Revenue from extemporaneous tax credits (unconstitutionality of ICMS (State VAT) inclusion in the PIS/COFINS (federal taxes on gross revenue) calculation basis), which in turn resulted in greater achievement of the company's profit sharing (PPR) metrics in 4Q19. The positive effect (net of PPR) of these credits on the company's EBITDA totaled R\$18.0 million.

(2) Banks, legal counsels, auditors and CADE-related expenses concerning M&A transactions.



**Brands
Performance**

Brands Performance

The fourth quarter of the year is traditionally marked by relevant events in Arezzo&Co's calendar, such as the high summer collections, Black Friday, and most important of all, Christmas and year-end holidays. With a mix of assertive and enchanting products, the group's brands delivered outstanding results, evidencing a strong recovery amidst the most critical months of the pandemic faced in 2020. In November, the high summer collection hit stores, showing excellent responsiveness, and in December, the brands launched their Christmas and year-end holidays collections with a focus on gift items at competitive prices.

The **Arezzo** brand revenue grew 4.9% to R\$295.9 million in 4Q20. As discussed in the last earnings release, in November, Arezzo launched its new line of "full plastic" handbags and shoes, the BriZZa line. This line sellout performance came above Arezzo&Co's expectations, accounting for 9% of Arezzo's sales volume in December. In the consolidated quarter, BriZZa recorded a sellout of R\$28.5 million. Besides launch at Arezzo's stores, 25 BriZZa exclusive stores were inaugurated, one of them in the city of Trancoso, a frequent vacation destination during summer.

ZZPLAY, Arezzo's first vulcanized sneaker was also launched, which recorded excellent sales performance. The sneakers category already accounts for 19.0% of Arezzo's product mix. In December, Arezzo reinforced its Christmas communication, based on an assertive mix, with varied Christmas gift options and a strong appeal to cross-sell of BriZZa line products. In December, in 60.0% of Arezzo brand sales, at least one product of the BriZZa line was purchased in the same transaction.

The **Schutz** brand posted revenue of R\$152.4 million, a 25.0% growth in the domestic market and 25.9% in the international market. Schutz recorded its best sales performance among Arezzo&Co brands, highlighting the web commerce and multibrand channels, which surged 81.9% and 60.4%, respectively, reinforcing its assertive positioning in the market towards competitors. Highlight in 4Q20 was Schutz's exclusive collaboration with Ginger brand, founded by Brazilian actress and entrepreneur, Marina Ruy Barbosa. Aside from shoes, this collection also relied on clothing items, offering a full-look experience for its women consumers. This collaboration results were amazing, within only 6 days after launch, over 3,000 pairs of shoes were sold, 500 handbags, and 300 clothing items. In December, this collaboration accounted for 7.0% of Schutz's revenue.

Brand Performance

The **Anacapri** brand sales rose 10.0% to R\$83.8 million in 4Q20, highlighting the online channel which already accounts for 19.1% of brand sales and grew by 181.2% in the period. In November, Anacapri launched a collection partnering with the Brazilian actress and singer, Manu Gavassi, who also participated in the entire creation process. This collection has 8 models, 7 shoes, and 1 handbag, with exceptional product turnover. Anacapri brand also launched the “Ana de Açúcar”, the first renewable and environmentally sustainable brand produced with EVA originated from sugarcane.

The **Alexandre Birman** brand revenue grew 5.7% to R\$13.0 million in Brazil vs. 2019, highlighting the web commerce channel and owned stores. During 4Q20, the brand inaugurated its 8th store in Brazil, at CJ Shops – a new luxury project in São Paulo. For year-end holidays, the Alexandre Birman brand globally debuted the “Make a Wish” collection, beach sandals, and flip flops with different colors representing new year’s wishes.

The **Fiever and Alme** brands carried out specific Christmas campaigns and posted solid online sales, which combined, grew by 73.8%.

The **Vans** brand, licensed at the end of 2019, posted revenue of R\$78.4 million in 4Q20. During this period, the Vans brand inaugurated 4 stores, reaching 7 franchises and 7 owned stores in Brazil. The latest inauguration took place in the city of Rio de Janeiro in a premium location (Rua Garcia D’avila), offering the Vans experience to this city with a two-floor flagship store. Since its launch, this store has delivered excellent sales performance.

Every quarter, the **Vans** brand launches collaborations with iconic representatives in global pop culture, such as bands, brands, movies, and artists, always connecting the brand’s pillars of authenticity and originality to the history and work of their collaborators. In 4Q20, the Vans brand debuted a collaboration with MoMa which exhibited a complete collection of sneakers, clothing, and accessories for all ages, inspired by works of art of Claude Monet, Vasily Kandinsky, Salvador Dalí, and Edvard Munch, among others.

The **Reserva** brand recorded sellout growth in owned stores + web commerce of 19% vs. 4Q19 and 22% sell in of franchises and multibrand. Certain strategies relating to the product mix were adopted in the quarter. For instance, the Christmas and New Year collection highly focused on linen fabric, with comfy and elegant products, and this category grew by 37% in December. Another relevant addition was the launch of Reserva first women’s sneaker, the “Simples” (Simple). “Simples” sales came above expectations, this model was ranked among the four best-selling products of the chain during its launch. Reserva antiviral face mask was another highlight, ranked among top 8 products sold in 4Q20. Still in 4Q20, Reserva brand kicked off online sales to its multibrand customers (sell in Winter 2021), delivering excellent results.



**Channels
Performance**

Channels

Monobrand – Franchises and Owned Stores

Arezzo&Co's POS network (Owned Stores + Franchises + Web Commerce), excluding Reserva Group, reached 91.4% of the sellout posted in 4Q19, due to the temporary closing of some physical stores and partial reopening, with reduced working hours at shopping malls. Note that approximately 70% of the network's stores are located in shopping malls. Same-store sales performance was -10.6% in 4Q20, with significant increase in performance per month, reaching -5.4% in December. In October and November, the same-store sales performance was -20.3% and -9.8%, respectively.

It is worth noting that, despite the closing of some physical stores in the states of São Paulo, Manaus and Belo Horizonte during last days of the year, impact on sales was almost fully mitigated by online sales. **Sales representativeness in December versus 2019 is 99.6%, excluding the closed stores. Including these stores, sales performance stood at 97.0% vs. 2019.**

Arezzo&Co's stores recorded average sales in January and February of 88.1% and 93.5% vs. 2020, including web commerce and Reserva Group's revenue.

The franchise channel has been recovering, plunging 6.9% compared to a 41.4% drop in the third quarter. This performance reflects a gradual recovery of sell in, franchisees' resilience and confidence, as well as a positive performance of stores owing to collections' assertiveness, especially from November, with high summer launches. We also highlight the effect of a strong comparison base in 4Q19 (+10.6%), which reflected the anticipation of sell in revenue from pre-fall to December.

Multibrand

In 4Q20, revenue from the multibrand channel **strongly grew 94.5% from 4Q19**. Excluding revenue from the Vans® brand and Reserva Group in December, this channel would still record a robust growth of 44.0%.

This growth is a result of Arezzo&Co's capacity to develop a wide variety of high-frequency collections and short delivery terms (the same methodology applied in franchise sell in) – a competitive advantage of this channel towards competitors, resulting in greater share of wallet of customers already composing Arezzo&Co portfolio and the conquering of new customers, especially in smaller towns not previously served.

Channels

Multibrand

It is worth noting that in October, the Arezzo brand carried out the BriZZa line sell in to multibrand channel, evidencing high responsiveness to the products and price point. This performance opens new possibilities of expansion to new customers, with products already present in over 1,000 doors.

The seven brands of the group are spread across 4,236 points-of-sale, 60.1% higher than in 4Q19. It is worth noting that this figure does not include additions from Reserva Group, which totaled nearly 1,200 doors.

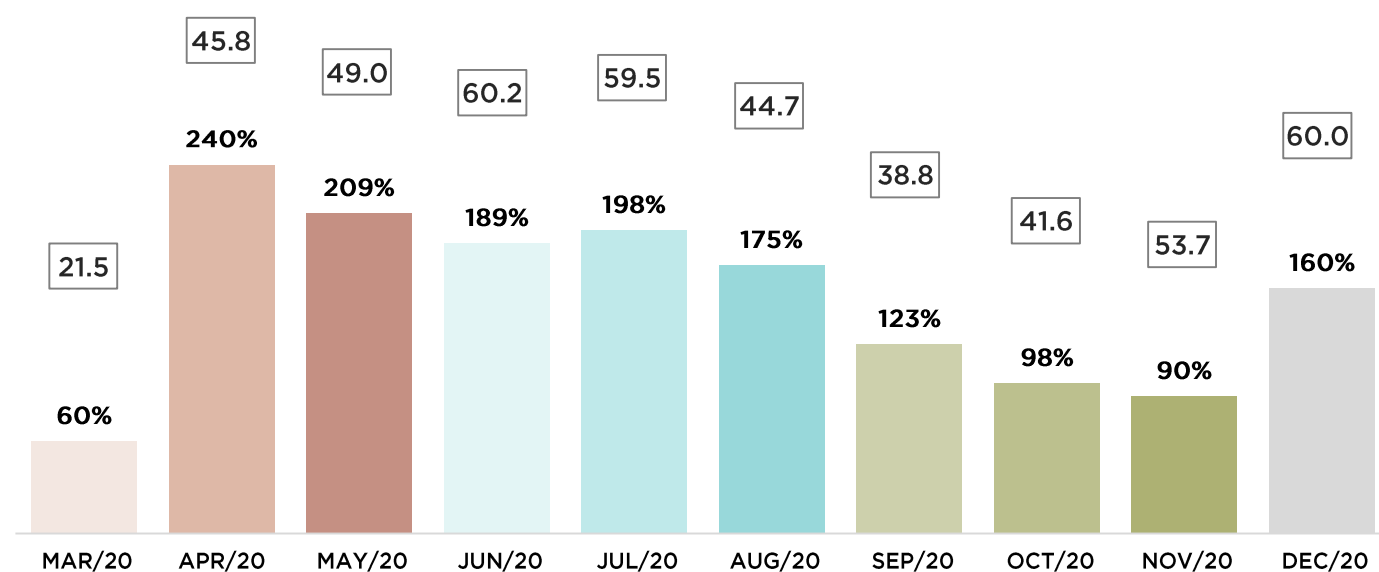
Digital Transformation

In 2020, due to the COVID-19 pandemic, Arezzo&Co saw a strong ramp up of its web commerce channel, as well as its omnichannel initiatives. One of the main fronts was the integration of the physical and online channels, a cornerstone during the most critical period of the pandemic.

In 4Q20, the web commerce channel followed the upward trend of the last quarters, despite the physical stores reopening, and recorded R\$162.4 million gross revenue (R\$526.4 million in 2020), a growth of 139.0%. The online channel already accounts for 22.4% of Arezzo&Co's consolidated revenue vs. 13.4% in the same period of 2019.

Evolution of SSS Web Commerce

Amounts in R\$ MM



SSS of web commerce including the Vans® brand (full year) and Reserva Group (December).

Channels

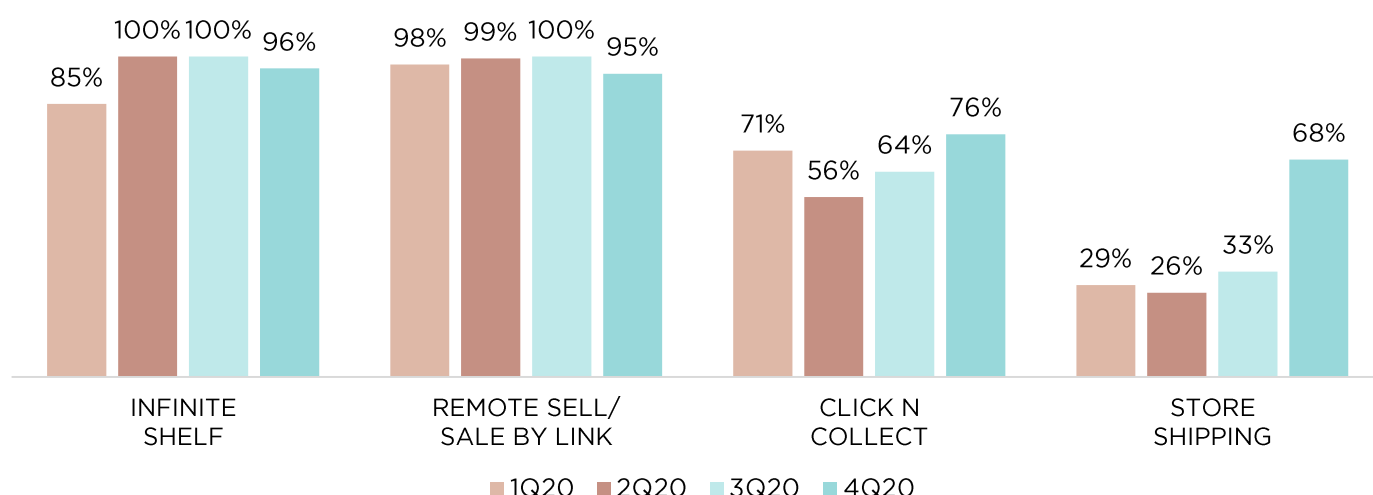
Digital Transformation

Referring to ZZ MALL marketplace, after its official launch, this platform recorded 114.0% increased visits, evidencing a strong consumer adhesion. Aside from the website, ZZ MALL relies on an app that already recorded over 148,000 downloads. Currently, the platform relies on 41 “3P” sellers, and since launch, various brands showed their interest in joining ZZ MALL.

Channels’ integration fronts kept the pace of the web commerce channel and recorded solid evolution at licensed stores and in sales representativeness. Online sales were paramount to sustain revenue levels during the last days of the year, amid the compulsory closing of stores in the states of São Paulo, Manaus and Belo Horizonte.

In 4Q20, sales through the initiatives Click N’ Collect and Store Shipping, which are invoiced by physical stores, recorded revenue 1.8x higher than entire year of 2019. Main improvement action deployed was to make physical stores inventories available in web commerce. The endless aisle and salesperson voucher accounted for 7% of web commerce sales. In this mode, when a customer visits a brick-and-mortar store, she/he can buy a product from web commerce inventory, assisted by a salesperson, who in turn, receives a commission.

Evolution of Licensed Stores | OMNI Initiatives



- Store delivery: upward figure since stores are partnering with freight companies with high levels of service
- Endless aisles and link sale: the percentage of licensed stores declined in 4Q20 due to the opening of pop-ups of BriZZa line.

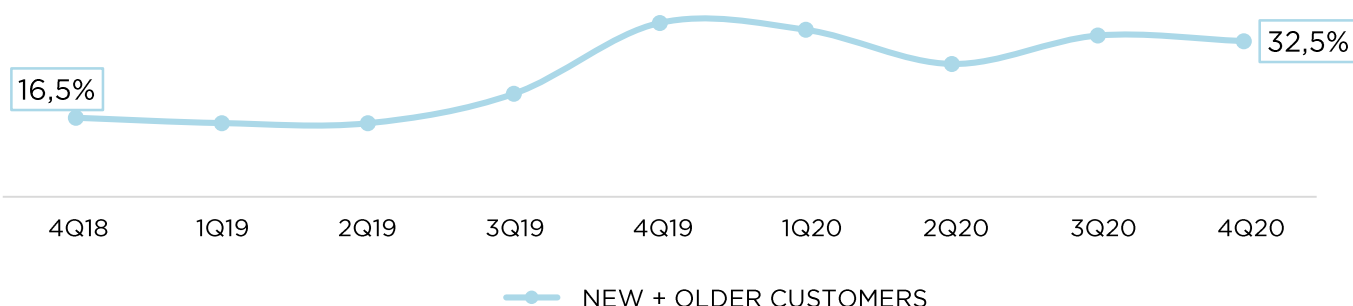
Channels

Digital Transformation

Repurchase Rate¹

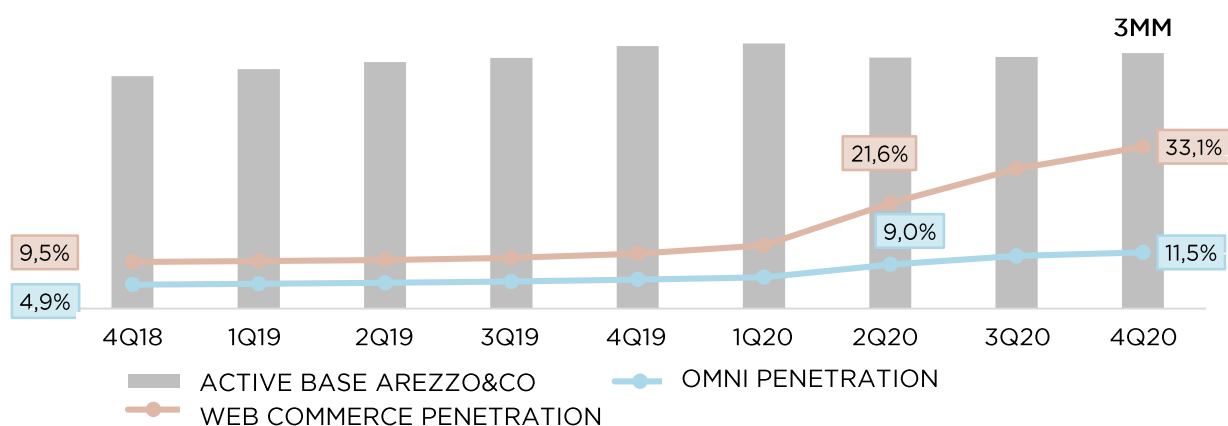
- Total repurchase rate in 90 days in Arezzo&Co online channel stood at **32.5%** in 4Q20;
- Continued improvement of repurchase rate over the last years, on the back of ongoing CRM actions;
- Capacity of retaining customers who only bought via physical channels and became OMNI customers;
- High level of reactivated customers who hadn't purchased for over one year.

In 90 days



Online Channel Penetration

- Upward move of online channel penetration in the active customer base of Arezzo&Co;
- **33.1%** of Arezzo&Co customers buy via online channel;
- **11.5%** of customers are omnichannel;
- Great opportunity to increase OMNI penetration following the trend of the last months.



¹Data excluding Reserva Group

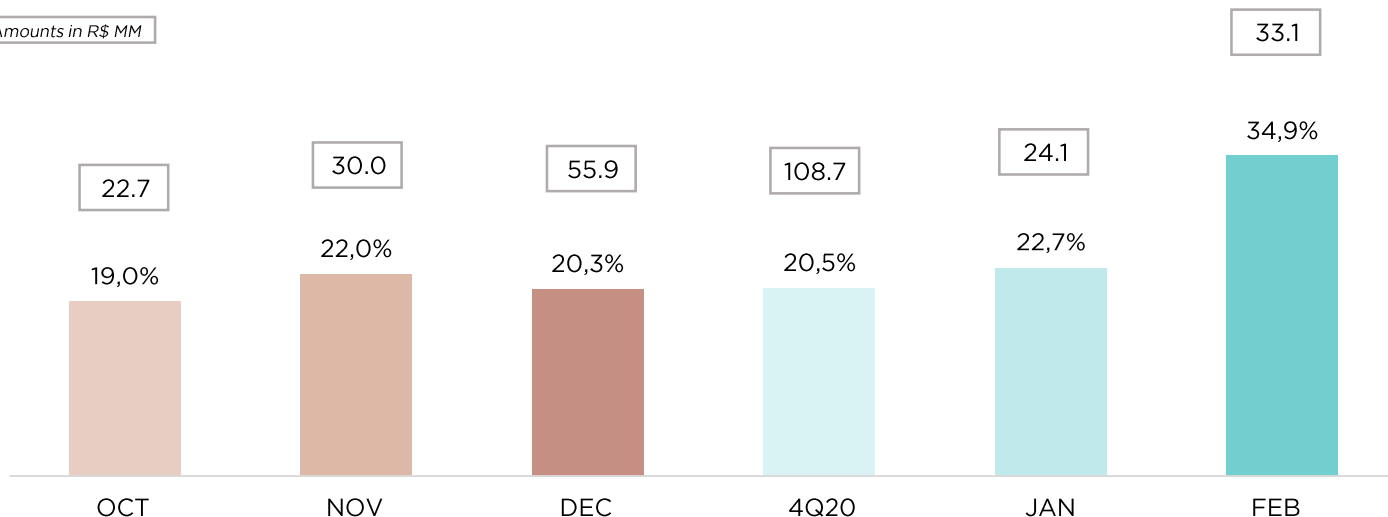
Digital Transformation

In relationship and CRM fronts, stores heightened the use of Salesperson APP during daily activities. This app consists of a tool wherein it is possible to make digital sales, consult inventory and product details, orders, delivery status, among others, i.e., seller has everything he needs in a single platform.

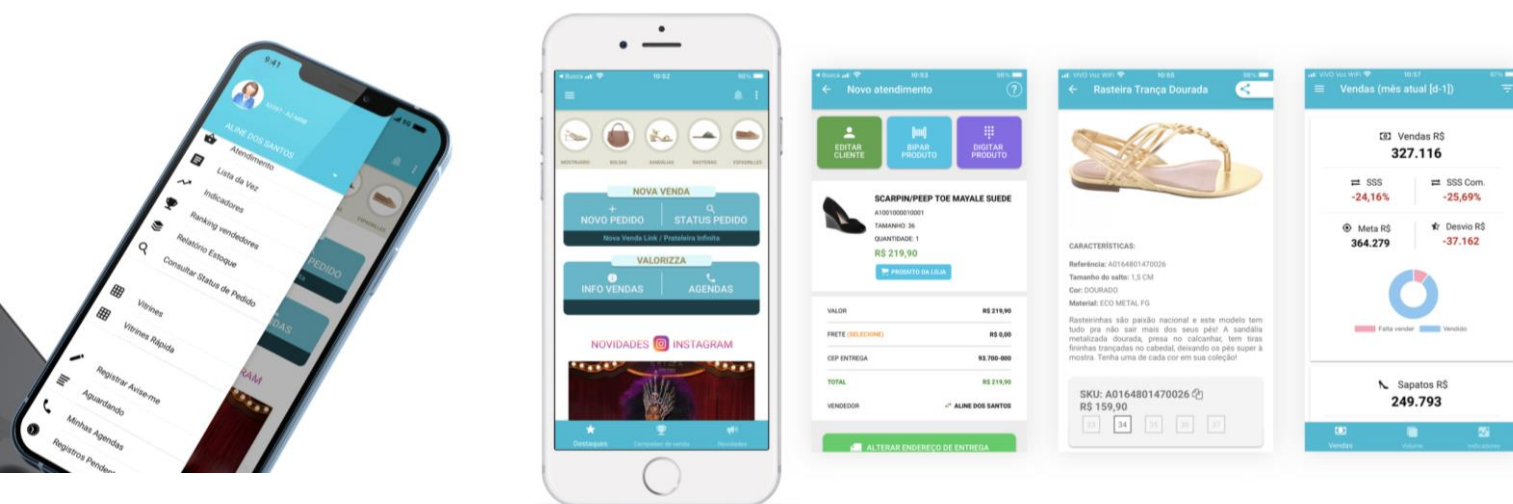
With the APP, stores set up a daily contact routine with customers concerned with revenue conversion and a long-term relationship. In 4Q20, 20.5% of the sell out in physical stores were influenced by the Salesperson APP, with a solid growth during the first months of 2021, as the graph shows below.

Online Influenced Revenue (vs. Total Revenue) Salesperson APP

Amounts in R\$ MM



Salesperson APP Interface



Export Market

Revenue in the United States grew 19.1% (in USD, decrease was 9.4%). Likewise Brazil, the North American operation posted revenue growth after being impacted by the global COVID-19 pandemic in 2Q20 and 3Q20.

The highlight in 4Q20 was the web commerce and wholesale channels of Schutz brand that surged 55.4% and 33.3% in Reais (23.9% and 12.7% in US dollars), respectively, reinforcing a solid adhesion to the new pricing strategy of the brand, which now composes the “*Contemporary Shoes*” segment. **The Schutz brand ended 2020 with a robust growth in the number of doors at Nordstrom department store, a three-fold increase from 2019.**

As Arezzo&Co reiterated in the second half of 2020, the North American operation sustained its breakeven at the level of EBITDA, with a positive result of R\$6.7 million in 4Q20. Greater details of SG&A expenses can be seen on page 23.

Footwear exports to the rest of the world saw a decrease of 6.2% in revenue in 4Q20, due to the global effects of the pandemic, as it continued significantly impacting European and Latin American customers since February 2020. It is worth noting that this channel already shows a recovery compared to the last quarters.

Monobrand Network

The Company ended 2020 with 901 stores, 890 stores in Brazil and 11 abroad, including Reserva Group incorporation.

Excluding the addition of Reserva Group stores in 4Q20, Arezzo&Co posted a net opening of 44 stores, 25 BriZZa stores, 9 Anacapri stores, 4 Arezzo regular stores, 4 stores in the Arezzo light format, 4 Vans stores, 1 Schutz store and 1 Alexandre Birman store.

Store Information	4Q19	1Q20	2Q20	3Q20	4Q20
Sales area^{1,3} - Total (m²)	45.925	46.265	45.544	45.012	56.461
Sales area - franchises (m²)	39.752	39.794	39.302	38.816	42.176
Sales area - owned stores² (m²)	6.173	6.472	6.242	6.196	14.285
Total number of domestic stores	737	739	730	724	890
# of franchises	693	693	682	676	756
Arezzo	432	432	428	423	451
Schutz	72	70	68	67	68
Anacapri	185	184	179	179	186
Fiever	1	1	1	-	1
Alme	3	3	3	3	3
Vans	-	3	3	4	7
Reserva Group	-	-	-	-	40
# of owned stores	44	46	48	48	134
Arezzo	10	9	9	9	12
Schutz	17	16	16	16	16
Alexandre Birman	6	6	6	7	8
Anacapri	3	3	3	3	5
Fiever	5	5	5	4	2
Alme	3	3	3	3	2
Vans	-	4	6	6	7
Reserva Group	-	-	-	-	82
Total number of international stores	15	15	11	11	11
# of franchises	6	6	6	6	6
# of owned stores⁴	9	9	5	5	5

(1) Includes store area abroad

(2) Includes 11 outlet stores with total area of 2,450 square meters

(3) Includes expanded store area

(4) Includes 3 Schutz stores in (i) New York at Madison Avenue, (ii) Miami at Shopping Aventura and (iii) Los Angeles at Beverly Drive. Also includes 2 Alexandre Birman stores in (i) New York at Madison Avenue and (ii) Miami at Shopping Bal Harbour.



Financial Indicators

Gross Profit and Gross Margin

Gross profit in 4Q20 amounted to R\$316.2 million, with margin of 49.1%, 240 bps higher than in 4Q19. Among the factors explaining the gross margin, we positively highlight (i) the inclusion of Reserva Group; (ii) a greater share of web commerce in the mix of channels and adversely (i) the mix effect due to a greater share of multibrand channel and smaller share from the owned stores channel; and (ii) the lower consolidated margin in the North American market, due to the new pricing positioning of the Schutz brand, residual mark-down of old inventories and a reduced number of owned stores.

Operating Expenses

Arezzo&Co intends to keep fixed expenses lower than in the last few quarters, while continuing to follow its strategic plan. The plan's main pillars include ongoing market share growth, omnichannel operations, and consolidation in the Brazilian fashion market.

It is worth noting that the analyses below exclude non-recurring effects that impacted 4Q20 and 4Q19 results (reported on page 10).

Selling Expenses

In 4Q20, selling expenses soared 34.1% to R\$145.6 million from 4Q19. It is worth noting that excluding the Vans brand and expenses of Reserva Group (December only), selling expenses would increase only 3.6% vs. 4Q19.

(i) Expenses with Owned Stores and Web Commerce (sellout channels), totaled R\$61.3 million, 85.4% higher than in 4Q19. Excluding the Vans brand and Reserva Group, expenses would have increased 32.8%, below the 139.0% growth of web commerce and in line with a lower relevance of owned stores channel in the mix. Higher expenses is due to the escalation of the online channel, especially in the marketing digital fronts of brands, logistics, freights, team reinforcement (highlighting the SAC – call center team) and the launch of ZZ MALL.

(ii) Selling, Logistics and Supply Expenses, surged 11.6% to R\$84.3 million in 4Q20 versus 4Q19. Excluding the addition of Vans brand and Reserva Group, expenses would have plunged 9.1%.

We point out the R\$6.0 million lower expenses in the North American market (a reduction of -27.1%) stemming of structure adjustments and occupation costs of owned stores and offices. Selling, logistics and supply expenses in the United States totaled R\$16.0 million in 4Q20.

Adjusted Operating Expenses

The Brazilian operation had the highest savings on the following fronts (i) business travels due to events that now took place 100% online; and (iii) reduced third party and advisory services expenses. Note that due to the actions taken to help franchisees during the pandemic, we saw a significant decrease in revenue from the advertising funds for the brands. Still, the Company continued investing in marketing, primarily focusing on year-end campaigns, highlighting the creation and launch of the BriZZa line, which for the first time, relied on broadcast TV investments. Excluding this effect, expenses would have plunged 15.5% in the Brazilian operation.

General and Administrative Expenses

In 4Q20, general and administrative expenses soared 38.3% to R\$49.0 million from 4Q19. Excluding the Vans brand and the month of December of Reserva Group, expenses would have decreased 26.8% to R\$35.3 million. Such reduction is primarily due to the organizational restructuring of Brazilian and North American operations to cut layers and positions seeking greater efficiency and operational agility.

Adjusted EBITDA and Adjusted EBITDA Margin

The Company posted an adjusted EBITDA of R\$122.2 million in 4Q20, 61.1% higher than in 2019. Excluding the EBITDA of Reserva Group and the Vans brand, not included in the basis of comparison, the adjusted EBITDA would total R\$89.4 million, 17.9% higher than in 4Q19.

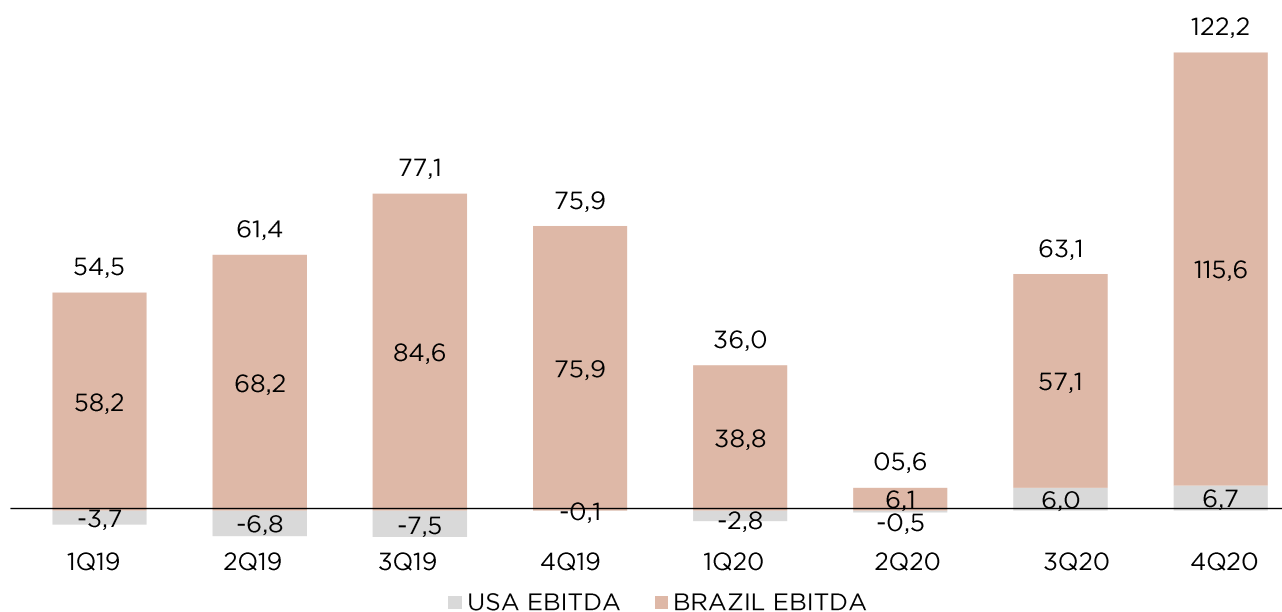
Despite the challenging scenario faced by the country, Arezzo&Co delivered a substantial growth of EBITDA in the period, chiefly due to the high-summer campaign assertiveness, and SG&A increase lagging behind revenue growth. It is also worth mentioning the positive impact of (i) addition of Reserva Group's EBITDA in December; and (ii) the North American operation, that reached an EBITDA of R\$6.7 million in the period, with a margin of 11.6%.

	4Q20 EBITDA Adjust.			4Q19 EBITDA Adjust.		
	&Co	Brazil	USA	&Co	Brazil	USA
Net Revenues	644,6	587,1	57,5	467,7	419,1	48,5
EBITDA	122,2	115,6	6,7	75,9	75,9	(0,1)
EBITDA Mg.	19,0%	19,7%	11,6%	16,2%	18,1%	(0,1%)

Amounts in R\$ MM // Amounts according to the adoption of IFRS 16 / CPC 06 (R2)

Adjusted EBITDA & Adjusted EBITDA Margin

Breakdown of Arezzo&Co Adjusted EBITDA (IFRS 16)



Adjusted Results: Exclude the one-off impacts (non-recurring events) and extemporaneous credits of quarters.

Net Income and Net Margin

The Company posted net positive result, with adjusted net income of R\$83.2 million in 4Q20, 77.8% higher than in 4Q19, with a net margin of 12.9%, 290 bps higher than in 4Q19.

Net income was positively impacted by (i) an excellent operational performance of Arezzo&Co in the period and the incorporation of Reserva Group, and adversely affected by (ii) greater exchange rate variation; and (iii) increased financial expenses, resulting from a higher volume of financing interest rates (debt funding during the pandemic).

ROIC – Return on Invested Capital

The adjusted return on invested capital (ROIC) i.e., excluding the inorganic actions executed by the Company in 2020, as well as one-off events connected with the pandemic, reached 20.8%, vs. 25.1% in 2019.

The accounting ROIC reached the level of 7.3% in 4Q20. Aside from lower NOPAT (LTM), the lines of working capital (inventories, suppliers, accounts receivable) were impacted by the addition of the Vans® brand and incorporation of Reserva Group, both implemented in 2020. Concerning the incorporation of Reserva, it is worth noting a significant increase in permanent asset (R\$834.1 million) coupled with investments, which includes the intangible assets and goodwill stemming from this transaction to be utilized over the coming years.

Income from operations	4Q20 Adjusted	4Q20 Reported	4Q19	4Q18	Δ 20 x 19 (%)
EBIT (LTM)	168.874	92.109	223.102	191.280	(24,3%)
+ IR e CS (LTM)	(10.983)	(5.974)	(42.787)	(27.354)	(74,3%)
NOPAT	157.891	86.135	180.315	163.926	(12,4%)
Working Capital¹	300.890	331.768	419.220	412.461	(28,2%)
Accounts Receivable	492.459	598.824	413.412	382.728	19,1%
Inventory	216.948	290.896	179.499	150.861	20,9%
Suppliers	(356.331)	(399.189)	(134.967)	(110.121)	164,0%
Others	(52.186)	(158.763)	(38.724)	(11.007)	34,8%
Permanent assets	346.742	1.149.183	382.146	153.693	(9,3%)
Other long-term assets²	37.247	37.862	34.756	31.847	7,2%
Invested capital	684.879	1.518.813	836.122	598.001	(18,1%)
Average invested capital³	760.500	1.177.468	717.062		6,1%
ROIC⁴	20,8%	7,3%	25,1%		

(1) Working Capital: Current Assets less Cash, Cash Equivalents and Financial Investments, deducting Current Liabilities less Loans, Financing and Dividends payable.

(2) Deducting deferred Income Tax and Social Contribution.

(3) Average capital invested in the period and in the same period of last year.

(4) ROIC: LTM NOPAT divided by average capital invested.

Investments - CAPEX

In 4Q20, Arezzo&Co invested R\$15.4 million in CAPEX, notably:

- The opening of a flagship store under the Vans brand in the city of Rio de Janeiro, 3 owned kiosks of BriZZa line under Arezzo brand and an Alexandre Birman store at CJ Shops in São Paulo.
- Corporate investments include Digital Transformation investments relating to squads and software.

Summary of Investments	4Q20	4Q19	Δ 20 x 19 (%)	2020	2019	Δ 20 x 19 (%)
Total CAPEX	15.389	22.042	(30,2%)	46.185	65.608	(29,6%)
Stores - expansion and refurb	6.253	215	2.808,4%	12.115	8.096	49,6%
Corporate	8.721	19.698	(55,7%)	29.147	33.484	(13,0%)
Other	415	2.129	(80,5%)	4.923	24.028	(79,5%)

Cash Position and Indebtedness

The Company ended 4Q20 with a net debt of R\$73.0 million. The highlights of the period include:

- Cash position of R\$561.2 million, even after paying the cash amount relating to the incorporation of Reserva Group (R\$175 million);
- Total indebtedness of R\$634.3 million, compared to R\$180.8 million in 4Q19.
- In the second half of March, the Company chose to contract preventive credit lines totaling R\$444.1 million, to complement its cash position amid the challenging scenario caused by the COVID-19 pandemic.
- The dynamics between short and long-term indebtedness was altered in relation to 3Q20, due to the lengthening of part of debt raised during the pandemic.
- Aside from the aforementioned issues, the Company's indebtedness also altered due to the incorporation of Reserva Group;
- Net Debt/EBITDA ratio of 0.4x.

Cash position and Indebtedness	4Q20	3Q20	4Q19
Cash	561.165	566.245	277.683
Total debt	634.269	547.245	180.784
Short-term	239.483	440.509	158.222
% total debt	37,8%	80,5%	87,5%
Long-term	394.786	106.736	22.562
% total debt	62,2%	19,5%	12,5%
Net debt	73.104	(19.000)	(96.899)
Net Debt/EBITDA	0,4x	-0,1x	-0,3x

Balance Sheet

Assets	4Q20	3Q20	4Q19
Current assets	1.564.868	1.344.102	980.665
Cash and Banks	38.297	13.502	13.808
Financial Investments	522.868	552.743	263.875
Trade accounts receivables	598.824	406.902	413.412
Inventory	290.896	241.895	179.499
Taxes recoverable	86.034	100.708	90.332
Other credits	27.949	28.352	19.739
Non-current assets	1.267.677	444.166	432.584
Long-term receivables	118.494	78.920	50.438
Trade accounts receivables	2.564	5.512	10.402
Deferred income and social contribution	80.632	44.113	15.682
Other credits	35.298	29.295	24.354
Investments property	3.016	4.030	3.017
Property, plant and equipment	316.300	277.017	304.082
Intangible assets	829.867	84.199	75.047
Total assets	2.832.545	1.788.268	1.413.249

Liabilities	4Q20	3Q20	4Q19
Current liabilities	911.418	818.362	464.659
Loans and financing	239.483	440.509	158.222
Lease	52.890	42.569	40.145
Suppliers	399.189	226.053	134.967
Other liabilities	219.856	109.231	131.325
Non-current liabilities	572.530	272.647	202.519
Loans and financing	394.786	106.736	22.562
Related parties	0	0	1.502
Other liabilities	17.274	11.264	9.542
Lease	160.470	154.647	168.913
Shareholder's Equity	1.348.597	697.259	746.071
Capital	967.924	352.715	352.715
Capital reserve	49.229	48.801	50.538
Profit reserves	107.895	122.118	94.276
Tax incentive reserve	227.937	213.880	213.880
Other comprehensive income	-4.388	-13.892	34.662
Accumulated Profit	0	-26.363	0
Total liabilities and shareholders' equity	2.832.545	1.788.268	1.413.249

Statement of Income

Income Statement - IFRS	4Q20	4Q19	Var.%	2020	2019	Var.%
Net operating revenue	644.615	467.652	37,8%	1.590.992	1.679.235	-5,3%
Cost of goods sold	(328.421)	(249.435)	31,7%	(835.779)	(903.541)	-7,5%
Gross profit	316.194	218.217	44,9%	755.213	775.694	-2,6%
Operating income (expenses):	(221.391)	(142.180)	55,7%	(663.104)	(552.592)	20,0%
Selling	(172.091)	(121.208)	42,0%	(529.953)	(424.366)	24,9%
Administrative and general expenses	(52.075)	(55.179)	-5,6%	(162.234)	(184.012)	-11,8%
Other operating income, net	2.775	34.207	-91,9%	29.083	55.786	-47,9%
Income before financial result	94.803	76.037	24,7%	92.109	223.102	-58,7%
Financial income	(20.870)	(4.644)	349,4%	(37.551)	(18.176)	106,6%
Income before income taxes	73.933	71.393	3,6%	54.558	204.926	-73,4%
Income tax and social contribution	3.115	(12.738)	-124,5%	(5.974)	(42.787)	-86,0%
Current	(9.076)	(6.321)	43,6%	(46.596)	(42.659)	9,2%
Deferred	12.191	(6.417)	-290,0%	40.622	(128)	-31835,9%
Net income for period	77.048	58.655	31,4%	48.584	162.139	-70,0%

Cash Flow

Cash Flow	4Q20	4Q19	2020	2019
Operating activities				
Net Income	77.048	58.655	48.584	162.139
Ajustes para conciliar o resultado às dispon. geradas pelas atividades operacionais:	1.572	26.271	149.850	134.923
Depreciation and amortization	21.307	20.271	81.103	80.322
Income from financial investments	(2.844)	(2.929)	(11.650)	(13.614)
Interest and exchange rate	(4.511)	(5.945)	34.612	16.517
Income tax and social contribution	(3.115)	12.738	5.973	42.785
Other	(9.265)	2.136	39.812	8.913
Decrease (increase) in assets				
Trade accounts receivables	(107.285)	3.938	(108.797)	(27.753)
Inventory	31.114	(585)	(38.655)	(33.208)
Recoverable taxes	16.965	(34.941)	(15.140)	(40.835)
Change in other current assets	13.176	3.625	(25.357)	2.306
Judicial deposits	(4.590)	1.914	(9.108)	(3.461)
(Decrease) increase in liabilities				
Suppliers	142.598	(13.216)	234.575	29.496
Labor liabilities	5.957	10.744	(8.610)	9.135
Fiscal and social liabilities	4.257	8.665	5.313	1.465
Variation in other liabilities	342	5.691	16.151	11.968
Payment of income tax and social contribution	(2.941)	(6.241)	(19.437)	(34.825)
Lease	(2.579)	(3.068)	(9.054)	(6.468)
Net cash flow from operating activities	175.634	61.452	220.315	204.882
Investing activities				
Sale of fixed and intangible assets	932	(784)	1.277	6.126
Acquisition of fixed and intangible assets	(15.389)	(22.041)	(46.185)	(65.607)
Financial Investments	(743.175)	(316.915)	(2.027.529)	(1.090.118)
Redemption of financial investments	835.354	322.672	1.838.505	1.064.190
Payment of capital by subsidiaries	100.000		100.000	
Acquisition of subsidiary, net cash obtained on acquisition	(163.404)		(163.404)	
Dividend receipt	54		54	
Net cash used in investing activities	14.372	(17.068)	(297.282)	(85.409)
Financing activities with third parties				
Increase in loans	97.610	48.008	552.851	153.084
Payments of loans	(92.454)	(47.302)	(213.882)	(88.816)
Instalment Lease	(21.054)	(11.438)	(60.352)	(46.723)
Net cash used in financing activities with third parties	(15.898)	(10.732)	278.617	17.545
Financing activities with shareholders				
Interest on equity	(148.317)	(27.351)	(170.992)	(143.526)
Receivables (payables) with shareholders	(1.000)	(50)	(2.502)	58
Issuing of shares	-	-	-	11.642
Repurchase of shares	-	-	(3.672)	-
Net cash used in financing activities	(149.317)	(27.401)	(177.166)	(131.826)
Increase (decrease) in cash and cash equivalents	24.791	6.251	24.485	5.192
Cash and cash equivalents				
Foreign exchange effect on cash and cash equivalents	4	(100)	4	115
Cash and cash equivalents - Initial balance	13.502	7.657	13.808	8.501
Cash and cash equivalents - Closing balance	38.297	13.808	38.297	13.808
Increase (decrease) in cash and cash equivalents	24.791	6.251	24.485	5.192

AREZZO &CO



MARINA RUY BARBOSA - SCHUTZ FW 21'

RI@AREZZO.COM.BR